

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CEA-02 CIAE-00 COME-00 EB-11

EA-11 FRB-02 INR-10 IO-14 NEA-14 NSAE-00 RSC-01

OPIC-12 SP-03 TRSE-00 CIEP-02 LAB-06 SIL-01 SWF-02

OMB-01 STR-08 SS-20 NSC-07 L-03 H-03 PRS-01 PA-04

USIA-15 SAJ-01 AGR-20 SAM-01 DRC-01 /222 W

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R 061611Z JUN 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1023

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 07087

E.O. 11652: XGDS-1

TAGS: UK, EEC

SUBJECT: BRITISH VIEW OF EC COUNCIL OF MINISTER'S  
MEETING JUNE 4

BEGIN SUMMARY

WE SAW BUTLER (ASSISTANT UNDER SECRETARY IN CHARGE OF  
EUROPEAN INTEGRATION DEPARTMENTS, FOREIGN AND COMMON-  
WEALTH OFFICE) JUNE 5 REGARDING THE EC FOREIGN MINIST-  
ERS' MEETING JUNE 4 AT WHICH FOREIGN SECRETARY  
CALLAGHAN OUTLINED IN DETAIL PRELIMINARY BRITISH  
POSITION REGARDING RENEGOTIATION OF BRITISH MEMBERSHIP  
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IN EC. BUTLER WAS EXTREMELY PLEASED BY THE RESULT AND

BELIEVES BRITAIN IS OFF TO A GOOD START TOWARDS A SUCCESSFUL RENEGOTIATION. END SUMMARY.

1. BUTLER SAID BRITISH HAD MET BILATERALLY WITH GERMANS EVENING OF JUNE 3 BEFORE THE ONE DAY FOREIGN MINISTERS' MEETING ON JUNE 4. HE CHARACTERIZED THE FRG FOREIGN MINISTER GENSCHER AS VERY COMPETENT, BOTH IN BILATERAL CONVERSATIONS WITH THE BRITISH AND AS CHAIRMAN OF THE COUNCIL OF MINISTERS. BUTLER SAID GENSCHER ACTED AS THOUGH HE HAD BEEN PREPARING FOR MONTHS FOR HIS ROLE AS CHAIRMAN, KEPT THE MEETING ON THE TRACKS AND SUMMARIZED EACH POINT SUCCINCTLY AND ACCURATELY.

2. CALLAGHAN'S SPEECH WAS THE FIRST MAJOR ITEM ON THE AGENDA. HE DELIVERED IT WELL, BUT, PERHAPS MORE IMPORTANT, MADE AN EXCELLENT OFF THE CUFF REPLY TO THE COMMENTS OF THE OTHERS THAT BUTLER DESCRIBED AS VERY "COMMUNAUTAIRE " BUTLER SAID THAT ALTHOUGH THE CENTRAL, TECHNICAL PART OF THE SPEECH WAS ENTIRELY A FOREIGN OFFICE DRAFT (AND BY IMPLICATION VERY LARGELY BUTLER'S OWN WORK), CALLAGHAN HAD DRAFTED THE BEGINNING AND THE END AND HAD PUT HIS HEART INTO THE DELIVERY. FOLLOWING THE SPEECH, THE OTHER DELEGATIONS MADE COMMENTS, A PROCESS WHICH WAS NOT FINISHED UNTIL THE FRENCH SPOKE AFTER LUNCH. AT LUNCH FRENCH FOREIGN MINISTER SAUVAGNARGUES APPARENTLY TOLD CALLAGHAN THAT HE HAD EXTREMELY "RIGID" INSTRUCTIONS (THE BRITISH WONDERED FROM WHOM) AND THAT HE WOULD MAKE A STRONG STATEMENT, BUT THAT IF ISOLATED ON THE BASIC ISSUE OF ASSIGNING THE BUDGETARY WORK TO THE COMMISSION, HE WOULD AGREE TO GO ALONG.

3. SAUVAGNARGUES AFTER LUNCH MADE A VERY STRONG SPEECH, WHICH LED THE BRITISH TO THINK HE MIGHT STILL IMPOSE A VETO, BUT IN THE END CONCEDED THE COMMISSION SHOULD BE INSTRUCTED TO PREPARE AN INVENTORY OF THE ECONOMIC PROGRESS OF THE COMMUNITY TO DATE AND MAKE PROJECTIONS THROUGH 1980.

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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 07087

4. BUTLER COMMENTED THAT THE ATMOSPHERE CREATED BY FRENCH COOPERATIVENESS WAS BOTH NOVEL AND ENCOURAGING, AND CONTRASTED SHARPLY WITH FRENCH UNWILLINGNESS, PRIOR TO THE MEETING, TO ADMIT THAT A PROBLEM EXISTED FOR THE BRITISH. HE NOTED THAT CALLAGHAN HAD INVITED SAUVAGNARGUES TO VISIT LONDON AND HE EXPECTED THE VISIT TO TAKE PLACE BEFORE THE END OF JUNE.

5. BUTLER ALSO SAID THAT THE SESSION WAS NOTABLE FOR  
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THE SOMEWHAT MORE ACCOMMODATING ATTITUDE DISPLAYED BY SECRETARY OF STATE FOR TRADE PETER SHORE, A LEADING

BRITISH ANTI-MARKETEER, WHO WAS ALSO A MEMBER OF THE BRITISH DELEGATION. AT THE END OF THE SESSION, SHORE APPARENTLY MADE NO SECRET OF HIS BELIEF THAT HE THOUGHT THE BRITISH PEOPLE WOULD ACCEPT THE RESULTS OF RENEGOTIATION' THIS WAS IN NOTABLE CONTRAST TO THE VERY HARD LINE HE APPARENTLY TOOK WITHIN THE DELEGATION AGAINST THE LIFTING OF THE BRITISH RESERVATION ON THE BUDGETARY POWERS OF THE EUROPEAN PARLIAMENT, AN ITEM WHICH WAS BRIEFLY DISCUSSED AFTER THE RENEGOTIATION ITEM WAS COMPLETED.

6. IN CONCLUSION, BUTLER NOTED THAT THE PROCESS OF RENEGOTIATION WAS NOW FIRMLY UNDERWAY AND THAT EACH OF THE MEETINGS OF THE COUNCIL OF MINISTERS OVER THE NEXT FEW MONTHS WOULD BE PARTLY OCCUPIED BY RENEGOTIATION OF BRITISH/COMMUNITY RELATIONS IN THEIR RESPECTIVE SUBJECTS. THE FCO IS ALREADY BEGINNING TO KEEP CAREFUL TRACK OF THE POINTS THAT ARE SCORED IN THE RENEGOTIATION WITH AN EYE TO THE EVENTUAL DRAFTING OF A WHITE PAPER WHICH WILL EXPLAIN HOW SUCCESSFUL THE BRITISH HAVE BEEN. WITH REGARD TO TIMING OF THE COMMISSION REPORT ON THE BACKGROUND TO THE BUDGET, BUTLER SAID THE BRITISH DID NOT YET HAVE A CLEAR VIEW OF WHEN THIS REPORT SHOULD BE MADE. BUTLER SAID IT WOULD HAVE TO BE CAREFULLY TIMED IN ORDER TO AVOID ANY "OBSTACLES" IN THE FORM OF TRADE UNIONS CONGRESSES, PARTY CONVENTIONS, ETC.

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